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Subcommittee on Income Security and Family Support
On "Responsible Fatherhood Programs"

The Great Mancession of 2008-2009

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Thank you, Chairman McDermott, Ranking Member Linder, and other members of the Subcommittee for the opportunity to appear before you this morning at your hearing to review Responsible Fatherhood Programs. My name is Mark J. Perry, and I am a tenured, full professor of economics at the Flint campus of the University of Michigan and currently a visiting scholar at the American Enterprise Institute.

An issue related to Responsible Fatherhood Programs is the fact that men were disproportionately affected by the last recession, and those effects were so profoundly significant that the last few years have frequently been referred to by the news media as the "mancession." There has probably never been a previous recession in U.S. history where the negative effects of unemployment and job losses fell so disproportionately on one gender. As one of the first economists to start documenting the dramatic gender differences in unemployment rates and job losses during the last recession starting in about mid-2008, my testimony today will provide you with an overview of the historically unprecedented "mancession."

THE GREAT MANCESSION OF 2008-2009

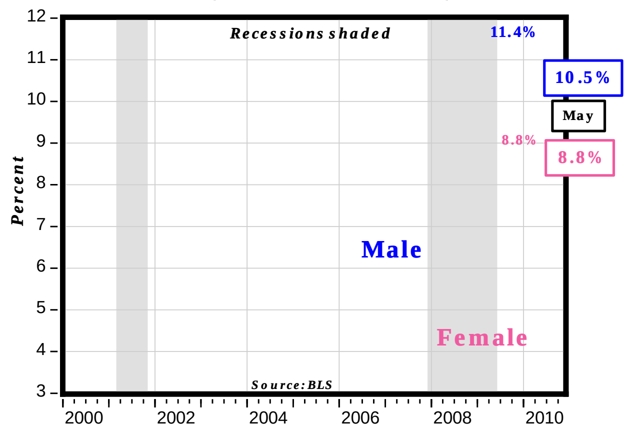
1. Introduction

The last U.S. recession started in December 2007 and most likely ended sometime in the summer of 2009, according to a consensus of economists. More than any previous economic contraction in U.S. history, this last recession had a significantly disproportionate negative effect on men compared to women, to the point that the 2008-2009 period started being referred to as the "mancession" by the news media in late 2008. This document will provide an overview of the labor market conditions during the period known as the "mancession."

2. Unemployment Differences during the Great Mancession

Figure 1 below displays monthly unemployment rates by gender from January 2000 to May 2010, and shows that for most of the months in the years between 2004 and 2007 jobless rates were approximately equal for men and women, with male unemployment dropping below female unemployment in some months. In early 2008, the U.S. unemployment rate started increasing due to the onset of an economic contraction, and by May 2008 I noticed a widening gap between male and female jobless rates, and that gender gap increased through 2008 and 2009 and was eventually one of the reasons that this period starting being called a "mancession."

Figure 1. Unemployment Rates: Males vs. Females January 2000 to May 2010

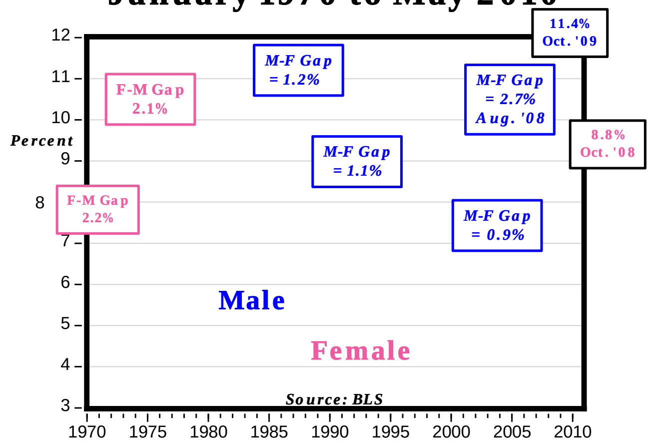


In December 2007 as the recession officially began, the male jobless rate of 5% was only slightly higher (by 0.20%) than the female rate of 4.8%; but a little more more than a year later, the jobless rate gender gap had widened to 2.5% in May 2009, as male unemployment increased to 10.5%, while female unemployment increased to only 8%. That 2.5% gender difference in jobless rates in May 2009 set a new all-time historical record for the greatest male-female jobless rate gap in postwar BLS history up until that time. Within just a few more months, that record was broken by a 2.7% gender jobless rate gap in August 2009, when male unemployment reached 11% and female unemployment reached 8.3%, and that 2.7% gap stands as the greatest jobless rate gender gap (in either direction) in postwar U.S. history.

Although the gender jobless rate gap starting falling after reaching the historic high of 2.7% in August 2009, the male unemployment rate continued to rise to 11.4% by October 2009, setting the all-time record for the highest male jobless rate in BLS history (back to 1948). As Figure 2 on page 4 shows, the 11.4% male jobless rate in October 2009 exceeded the previous record of 11.2% established in December 1982. In contrast, the female unemployment rate reached a maximum high during the last recession of 8.8% in October 2009 (that rate was matched in three subsequent months) but never came close to the record 10.4% female unemployment rate set in December 1982 during the 1981-1982 recession, or even close to the 9.8% peak female jobless rate during the 1975 recession. Therefore, two labor market records were established in 2009 that characterized the "mancession": a) the male jobless rate reached a postwar record high of 11.4% in October, and b) there was a record male-female jobless rate gap established in August of 2.7% (11% male vs. 8.3% female).

To further understand the significance of the historic, unprecedented gender jobless rate gap during the "mancession," consider the maximum gender jobless rate gaps during the previous three recessions: a) 1981-1982 (a 1.2% maximum male-female gap), 1990-1991 (a 1.1% maximum gap) and 2001 (0.9% gap), displayed in Figure 2 below. The 2.7% gap in 2009 was therefore three times greater than the maximum 0.9% gap during the last recession in 2001, and more than two times higher than the maximum 1.2% gap in 1982 and the maximum 1.1% gap

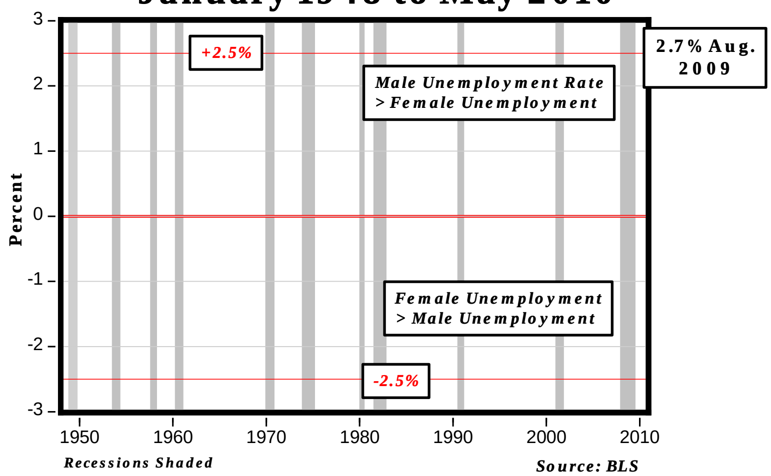
Figure 2. Unemployment Rate: Males vs. Females January 1970 to May 2010



following the 1990-1991 recession. During the recessions in the 1970s, the gender jobless rate gap was reversed, and female unemployment rates exceeded male rates by more than 2% during the peak gaps (see chart above).

Figure 3 below displays the monthly difference between male and female unemployment rates back to January 1948, with the last eleven recessions shaded. In all months above the red

Figure 3. Male Unemployment Rate Minus Female Unemployment Rate January 1948 to May 2010



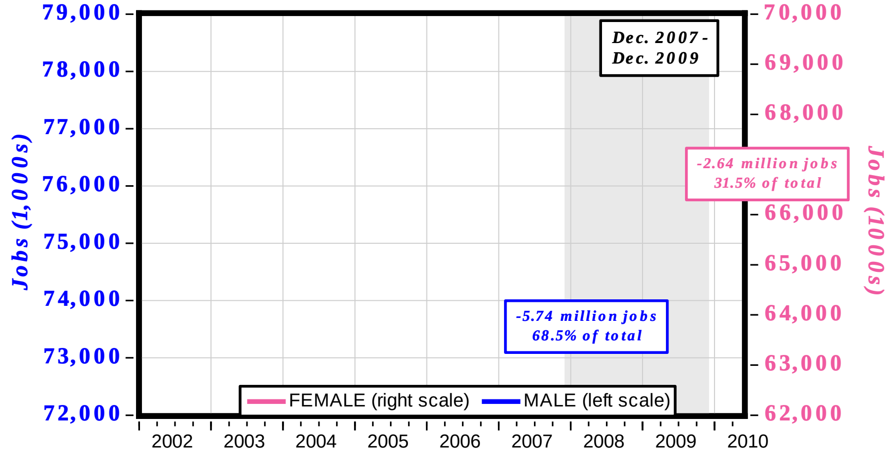
0% line, the male unemployment rate was greater than the female unemployment rate, and in all months below the red line, the female jobless rate was greater than the male rate. During most of the period between 1950 and 1980, ***male unemployment was less than the female jobless rate***. In the post-1980 period, unemployment rates by gender were approximately equal during economic expansions, but significantly higher for men than women during recessions. Therefore, the existence of "male-based recessions" actually started with the 1981-1982 recession, followed by subsequent male-based recessions in 1990-1991 and 2001, but those were all relatively mild in their adverse impacts on men compared to the huge, historically unprecedented disparities in jobless rates in 2008 and 2009. In summary, the data in both Figures 2 and 3 illustrate the fact that the 2009 experience was truly an historic event, because never before in American history has a recession had such a disproportionate effect on one gender, in this case, of course, on men.

3. Employment Effects of the Great Mancession on Men

Obviously, it follows that if there was a significant gender gap in jobless rates in favor of women during the 2008-2009 period, there would also be a significant difference in job losses that favored women, and this indeed was the case. Figure 4 below displays monthly employment levels by gender during the 2002 – 2010 period. In the economic expansion between early 2002 and December 2007, male and female employment levels grew at approximately the same rate, with 5 new million jobs created for both genders over that seven-year period.

Starting with the onset of the recession in December 2007, a significant departure for job losses by gender started to occur in favor of women, consistent with the large and growing

Figure 4. Male and Female Employment
Jan. 2002 to May 2010



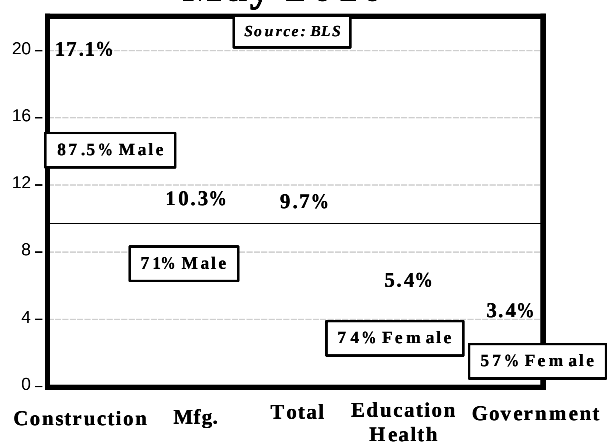
Source: BLS

jobless rate gap by gender in favor of women. In one of the worst periods ever for job losses in postwar history, the U.S. economy shed 8.38 million jobs between December 2007 and December 2009 (see Figure 4 above). But the impact of job losses was considerably greater for men, since almost 6 million men lost their jobs, compared to only 2.64 million job losses for women. More than two out of every three jobs lost in 2008 and 2009 were held by men (68.5%), or alternatively it was also the case that 217 men lost their jobs for every 100 women who became unemployed in 2008 and 2009. In the same way that the dramatic difference in jobless rates favored women during the recent recession, the job losses during 2008-2009 also significantly favored women during the "mancession."

4. Reasons for the "Great Mancession": Disproportionate, Adverse Effects on Men

The reasons that the recent recession impacted men disproportionately more than women are fairly clear and straightforward – men were overrepresented in the industries most adversely affected by the economic contraction in 2008 and 2009 – construction and manufacturing – while women were overrepresented in the sectors that were least affected by the recession – education, healthcare, and government. For example, the largest job losses by major industry between December 2007 and May 2010 (measured in percentage terms) were for two of the most male-dominated industries: a) manufacturing employment decreased by 14% (and 71.2% of manufacturing jobs in December 2007 were held by men), and b) construction employment fell by 20.2% (and 87.5% of construction jobs are male). In contrast, the “education and health services” sector added more than 1.25 million jobs between December 2007 and May 2010, an employment increase of more than 4% in an industry that is 74% female. Similarly, government employment has increased by 2.25% since December 2007, or by 469,000 jobs, in an industry that is 57% female.

Figure 5. Unemployment Rates
Selected Industries
May 2010



The chart above, Figure 5, illustrates the differential effects on unemployment rates for the sectors mentioned above, using May 2010 jobless rates from the Bureau of Labor Statistics. In comparison to the average U.S. jobless rate of 9.7% in May, the unemployment rate for the construction sector remains highly elevated at 17.1%, in an industry that is 87.5% male.

Similarly, although not quite as striking, the jobless rate in the manufacturing sector at 10.3% is more than half a percentage point above the national average, in an industry that is 71% male.

In contrast, female-dominated industries like education and health services (74% female for both sectors) have current unemployment rates of only 5.4%, more than four percentage points below the 9.7% national average. Likewise, the government sector has an unemployment rate of only 3.4%, more than six points below the national average of 9.7%, and more than half (57%) of those workers are female.

5. The Outlook for the Future

As I mentioned previously, the consensus of economists is that we will soon be approaching the one-year anniversary of the current economic expansion, although many economists are predicting another "jobless recovery" like the periods following the last two recessions (1990-1991 and 2001). Nonetheless, there are a few signs that the "mancession" period is gradually getting somewhat better. For example, the male-female jobless rate gap fell to 1.7% in May (10.5% male vs. 8.8% female), a full point below the 2.7% peak in August 2009, and the lowest monthly gap since February 2009. However, even that 1.7% gap in May 2010 is higher than ever before in the postwar period, except for the 2009 period.

Additionally, there has been some recovery of jobs in the manufacturing sector, which has gained 126,000 jobs since December 2009, and ongoing improvement in that sector could continue to provide some additional employment opportunities for men. But looking back over a longer time horizon, the U.S. economy has lost more than five million manufacturing jobs over the last decade, and almost two million over the last two years, and even a strong and sustained economic recovery will not restore those lost jobs in the male-dominated manufacturing sector.

A significant structural change in the labor market, with a significantly reduced employment opportunities for manufacturing, could mean that the negative effects of the mancession will continue to create challenges for men as we go forward, at least in sectors like manufacturing.

For the construction industry, there is more long-term hope for male employment opportunities to return to that sector eventually. The 17.1% unemployment rate in May for construction workers suggests that the construction industry is still suffering, and it will take a much stronger, more sustained recovery in home building before that sector returns to single-digit unemployment rates. And even after construction and home building recover, this male-dominated industry will always be vulnerable to high periods of unemployment during future recessions, or even slowdowns in the housing sector that are not associated with a recession.

In conclusion, the mancession of 2008-2009 was a historically unprecedented economic episode, characterized by the largest gender jobless rate gap in postwar history at 2.7% in 2009 in favor of women, and with some periods during which men suffered up to 80% of the job losses due to the recession. Never before in modern U.S. history has an economic recession had such a disproportionately large effect on one sex, in this case, on men, whose unemployment reached a postwar record high of 11.4% last October. We can expect that the profoundly negative and adverse effects of the 2008-2009 mancession will continue to create some long-term dislocations and structural changes for men in the labor market, since many of the job losses in sectors like manufacturing will not likely ever be reversed. The best hope for an eventual end to the "mancession" will be many consecutive months and quarters of broad-based employment gains in a U.S. economy that experiences sustained, real economic growth of 4-5 percent. Further, to maximize employment opportunities in the future, some men will have to pursue additional training and education for careers in new fields besides construction and manufacturing.